Hanesbrands Inc. (HBI)

$16.15 (As of 10/02/20)

Price Target (6-12 Months): **$17.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 09/29/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: A | Growth: A | Momentum: C	**4-Sell** VGM:A

Summary

Hanesbrands' shares have outperformed the industry in the past three months. The company developed a new product line of personal protective gear that resonates well with the present environment, commercial and consumer demand. This boosted second-quarter 2020 performance, with the top and bottom lines significantly outpacing the consensus mark. Also, earnings and adjusted net sales increased year over year. In fact, apparel and protective garment sales outpaced the company's base-case scenario in the quarter. Also, strength in Hanesbrands online business is yielding. Notably, the company registered global online sales growth of more than 70% in the quarter. However, Hanesbrands has been battling soft sales at its Activewear segment for quite some time. Also, reduced gross margins and unfavorable foreign currency rates are a concern.

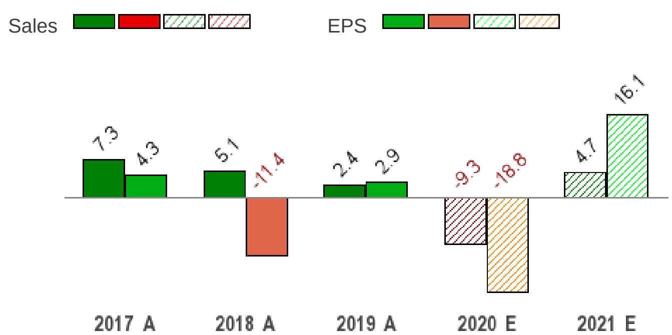
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$16.76 - $6.96**
20-Day Average Volume (Shares)	**4,894,301**
Market Cap	**$5.6 B**
Year-To-Date Price Change	**8.8%**
Beta	**1.64**
Dividend / Dividend Yield	**$0.60 / 3.7%**
Industry	**Textile - Apparel**
Zacks Industry Rank	**Bottom 31% (174 out of 251)**
Last EPS Surprise	**2,900.0%**
Last Sales Surprise	**36.0%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**10/29/2020**
Earnings ESP	**0.0%**
P/E TTM	**9.5**
P/E F1	**11.3**
PEG F1	**3.8**
P/S TTM	**0.8**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	1,455 E	1,696 E	1,715 E	1,739 E	6,610 E
2020	1,316 A	1,739 A	1,604 E	1,656 E	6,316 E
2019	1,588 A	1,761 A	1,867 A	1,751 A	6,967 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$0.26 E	$0.46 E	$0.50 E	$0.51 E	$1.66 E
2020	$0.05 A	$0.60 A	$0.36 E	$0.41 E	$1.43 E
2019	$0.27 A	$0.45 A	$0.54 A	$0.51 A	$1.76 A

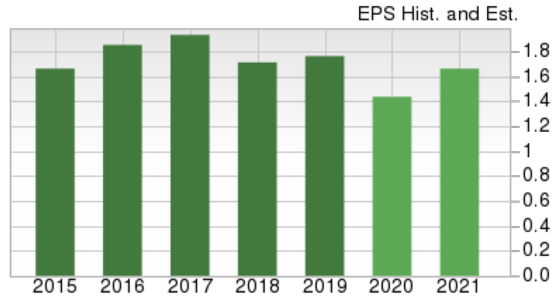
*Quarterly figures may not add up to annual.

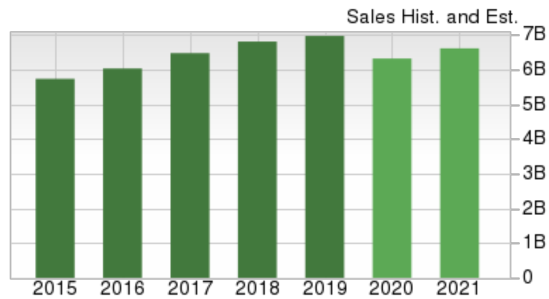
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 10/02/2020. The reports text is as of 10/05/2020.

10 S. Riverside Plaza Suite 1600 · Chicago, IL 60606

Overview

Headquartered in Winston-Salem, NC, Hanesbrands Inc. engages in the design, manufacture, sourcing and sale of apparel essentials for men, women and children in the U.S. and internationally. The company offers products under well-established brands such as Hanes, Champion, Playtex, Bali, Just My Size, Barely There and Wonderbra.





In the first-quarter 2017, management realigned its reporting segments. Now, Hanesbrands' U.S. retail Internet operations are reported in the respective Innerwear and Activewear divisions. Hanesbrands reports its operating results under the following segments:

Innerwear segment (33.1% of 2019 sales): This segment manufactures and sells core apparel products, such as women's intimate apparel, men's underwear, kids' underwear and socks, marketed under well-known brands like Hanes, Bali, Playtex, Barely There, Just My Size and Wonderbra. Innerwear segment also includes the Hosiery segment, which makes women's sheer hosiery in the United States.

Activewear segment (26.6% of 2019 sales): The segment consists of casual wear and active wear products. The casual product category provides comfortable clothing for men, women and children under the Hanes and Just My Size brands. The active wear products include T-shirts and fleece sold to both retailers and wholesalers. The company sells this segment's products to both retailers and wholesalers.

International segment (36.3% of 2019 sales): The International segment includes sales from Latin America, Asia, Canada, Australia, Japan, Mexico and Brazil. The company also has sales offices in India and China. The segment produces and sells products under brands such as Hanes, Champion, Wonderbra, Playtex, Stedman, Zorba, Rinbros, Kendall, Soly Oro, Ritmo and Track N Field.

Other (4% of 2019 sales): The Other category comprises the U.S. businesses for outlet stores, hosiery (earlier reported in the Innerwear division), along with legacy catalog business.

Source: Zacks Investment Research

Reasons To Buy:

Hanesbrands' newly-developed product line of personal protective garments drove the top line in second-quarter 2020.

▲ **Protective Gear Business Amid Coronavirus**: Hanesbrands has undertaken a number of measures to stay afloat amid the coronavirus crisis. The company has developed a product line of personal protective garments which resonates well with the present environment, commercial and consumer demand. Notably, it has sold about $752 million of personal-protection garments worldwide during the second quarter of 2020, well ahead of its earlier expectations. As part of the protective garment sales in the quarter, it delivered more than 450 million cloth face coverings and above 20 million medical gowns to the U.S. government. The upside can be attributed to incremental government contracts for reusable gowns as well as masks. Moreover, the company has been selling face masks to customers globally under its brand names, including Hanes, Champion, Bonds and Dim. Markedly, apparel sales and protective garment sales outpaced the company's base-case scenario in the quarter.

Going ahead, Hanesbrands expects selling more than $150 million of protective garments in the second half, mostly in the third quarter. We believe that the newly-floated protective garments business signifies an ongoing growth opportunity. Incidentally, shares of the company have surged 41.9% in the past three months compared with the industry's growth of 16.5%.

▲ **Impressive Q2 Results**: Hanesbrands reported robust second-quarter 2020 results, with the top and bottom lines significantly outpacing the Zacks Consensus Estimate. Also, earnings improved year over year. Adjusted earnings of 60 cents a share increased nearly 58%, driven by robust apparel performance including online sales growth aided by the company's ability to pivot personal protective garments' production and sales.

Although net sales dipped 1.3% on an adjusted basis the metric rose 5.9%. Excluding the exited programs and foreign-exchange fluctuations, total constant-currency net sales grew 7%. Apparel sales and protective garment sales outpaced the company's base-case scenario in the quarter. Robust sales growth across channels of trade such as online, dollar store, mass retail, and food and drugs contributed to results.

▲ **Strong Online Business**: As consumers are increasingly resorting to online shopping, Hanesbrands remains focused on developing its online sales. In the second quarter of 2020, the company registered global online sales growth of over 70% via the e-commerce websites, retailer websites, large internet pure-plays and business-to-business customers on a rebased year-over-year comparison. Excluding sales of protective garments, online sales contributed nearly 30% to total sales in the quarter. Hanesbrands, which is global partner with Amazon, is focused on making incremental investments in its online business to keep pace with consumers' evolving shopping patterns especially as the coronavirus pandemic increases digital shopping penetration.

▲ **Project Booster Program**: Hanesbrands launched a multiyear program in the first-quarter 2017 to drive investment for growth, minimize costs as well as increase cash flow. This program, which is well-positioned for the next five years, aims to boost the company's Sell More, Spend Less, Generate Cash strategy for additional gains, mainly from the global commercial and supply chain scale through acquisitions. Furthermore, the Project Booster cost savings, along with other cash flow drivers like synergies from buyouts and diversified revenues bode well. The company has earlier stated that it expects to save nearly $200 million in 2020 from its cost-saving efforts amid the coronavirus outbreak.

Reasons To Sell:

▼ **Unimpressive Activewear Unit**: Hanesbrands has been battling soft sales at its Activewear segment for quite some time now. In second-quarter 2020, sales in the segment plunged 62% year over year on a reported basis. The downside was caused by adverse effects of the coronavirus pandemic and lower C9 Champion sales in mass retail compared with the year-ago quarter's levels. The pandemic resulted in fall in demand for its printwear and sports apparel businesses. In the first quarter, the segment witnessed sales declines of 10.2%. We note that, persistence of the trend may continue to exert pressure on the company's top line.

Management expects foreign currency exchange fluctuations to hurt Hanesbrands net sales and operating profit in 2020.

▼ **Gross Margin Under Pressure**: In the second quarter of 2020, gross profit fell 6.3% to $633 million. As a percentage of sales, the metric contracted 200 basis points (bps) to 36.4%. On an adjusted basis, gross margin of 37.9% contracted nearly 180 bps. Deleverage from minimum royalty remittance in its sports license business led the downside. Temporary store closure due to the coronavirus outbreak was also a reason. In fact, management expects to witness year over year decline in gross margin during the third and the fourth quarter.

▼ **Currency Headwinds to Hit Sales**: Hanesbrands is exposed to unfavorable foreign currency translations, as a considerable portion of total sales come from international businesses. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside the country. We note that, management expects foreign currency exchange fluctuations to hurt net sales and operating profit in 2020.

▼ **Competitive Pressure**: Hanesbrands operates in a highly competitive textile and apparel market with a number of well-known players such as Ralph Lauren, Columbia Sportswear, GIII Apparel and Guess? to name a few. The company primarily competes on the basis of fashion, quality and service. Failure to offer high-quality distinguished products at a competitive price may hamper Hanesbrands' market share, resulting in lower earnings and sales.

Last Earnings Report

Hanesbrands Q2 Earnings & Sales Surpass Estimates

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	36.04%
EPS Surprise	2,900.00%
Quarterly EPS	0.60
Annual EPS (TTM)	1.70

Hanesbrands reported robust second-quarter 2020 results, with the top and bottom lines significantly outpacing the Zacks Consensus Estimate and improving year over year. In spite of the pandemic-led crisis, quarterly performance was driven by robust base-case scenario for the company's apparel business and the latest protective garment business.

Amid the global pandemic, Hanesbrands remains focused on serving channels of trade that were open, reopening production, preserving liquidity, and impressive distribution and selling operations. The company has also developed a product line of personal protective garments which resonates well with the present environment, commercial and consumer demand. It has been selling face masks to customers globally under its brand names, including Hanes, Champion, Bonds and Dim. Notably, the protective garments business signifies an ongoing growth opportunity.

Q2 in Detail

Hanesbrands posted adjusted earnings of 60 cents a share that significantly outshone the Zacks Consensus Estimate of 2 cents. Also, the metric increased roughly 58% year over year, driven by robust apparel performance including online sales growth of 68% aided by the company's ability to pivot personal protective garments' production and sales.

Net sales dipped 1.3% to $1,738.8 million but outpaced the Zacks Consensus Estimate of $1,278 million. On an adjusted basis, the metric rose 5.9%. Excluding the exited programs and foreign-exchange fluctuations, total constant-currency (cc) net sales grew 7%.

Moreover, Apparel sales and protective garment sales outpaced the company's base-case scenario in the reported quarter. Robust sales growth across channels of trade such as online, dollar store, mass retail, and food and drugs contributed to results. The company registered global online sales growth of over 70% via the e-commerce websites, retailer websites, large internet pure-plays and business-to-business customers on a rebased year-over-year comparison. It sold about $752 million of personal-protection garments worldwide. As part of the protective garment sales in the quarter, it delivered over 450 million cloth face coverings and above 20 million medical gowns to the U.S. government. Excluding sales of protective garments, online sales accounted for roughy 30% of total sales in the quarter.

Moving on, adjusted operating profit surged 41% to $305 million. Also, adjusted operating-profit margin expanded 430 basis points (bps) to 17.5%.

Segment Details

Innerwear: Sales at the segment climbed 61% on a reported basis, gaining from better-than-expected apparel performance and robust protective garments sales. Excluding the protective garments, the metric declined 29%. However, excluding protective garments, the Innerwear point-of-sale trends accelerated through the quarter, being positive in May and June. While the Innerwear basics increased over 300 bps of market share, the Innerwear intimate apparel point-of-sale trends reverted to pre-COVID-19 levels entering July.

Activewear: Sales fell 62% on a reported basis due to the adverse effects of the pandemic and lower C9 Champion sales in mass retail when compared to the year-ago quarter. The pandemic resulted in fall in demand for its printwear and sports apparel businesses. However, sales through the enhanced Champion.com website rose about 200% in the quarter.

International: Sales at this segment fell 20% on a reported basis (down 17% at cc). Excluding the protective garment sales, revenues plunged 44%. **Other**: Sales came in at $18.7 million in the reported quarter.

Other Financial Details

Hanesbrands ended the quarter with cash and cash equivalents of $683.1 million, long-term debt of $3,985.6 million and stockholders' equity of $1,079.3 million. Moreover, it bought back nearly 14.5 million shares in the first quarter and put share repurchases on hold for rest of the year.

In the second quarter, the company operating cash flow of $65 million, which resulted in growth of roughly $40 million for the first half in comparison to the prior-year period. Disciplined working capital, decline in temporary costs, and inventory control and production timeouts contributed to cash generation. Further, inventory fell 12% year over year.

Looking Ahead

Owing to the continued uncertainty stemming from COVID-19, Hanesbrands did not provide quarterly and full-year performance outlook. Management highlighted that fall in apparel sales in the reported quarter was better than the company's base-case scenario. It now projects improvement in the rate of sales decline in the third and fourth quarters. Further, it has exited the C9 Champion mass program and DKNY license for intimate apparel. The foreign currency exchange fluctuations are likely to hurt net sales and operating profit in 2020. Moreover, Hanesbrands expects selling over $150 million of protective garments in the second half, mostly in the third quarter. This excludes the potential for additional government contracts. Furthermore, management expects positive cash flow and tax rate of nearly 17.5% for the back half.

Recent News

Hanesbrands Declares Dividend – Jul 28, 2020

Hanesbrands has declared quarterly cash dividend of 15 cents per share. This will be payable on Sep 1, 2020 to shareholders of record as on Aug 11.

Hanesbrands Ramps Up Face Mask Production Amid Coronavirus – Jul 2, 2020

Hanesbrands is producing cloth face coverings and medical gowns for the U.S. government amid the pandemic. In fact, the company announced that till now it has delivered over 450 million cloth face coverings along with more than 20 million medical gowns to the U.S. government.

Also, the company launched face masks under Hanes and Champion brands. These masks will be available to the public as well as for business-to-business customer orders. The company has launched a 3-ply all-cotton face mask which is reusable, washable as well as breathable under the Hanes brand. These masks will be available across various mass merchandise, grocery, drug, dollar stores as well as home improvement retailers. Also, shoppers can buy the newly-introduced masks online via Hanes.com website.

Further, Hanesbrands has floated a 1-ply polyester-spandex blend face mask under its Champion brand. Notably, these face masks can be bought online on Champion.com website. Moreover, the company is on track with introducing two more varieties of masks for this brand. In its last earnings call, management stated that it expects revenues from this new protective gear business to cross $300 million in 2020.

Valuation

Hanesbrands shares are up 8.8% in the year-to-date period and 8.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 3.4% and 10.9% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 1.4% while the sector gained 7.2%.

The S&P 500 index is up 4% in the year-to-date period and 14.1% in the past year.

The stock is currently trading at 10.06X forward 12-month earnings, which compares to 26.83X for the Zacks sub-industry, 32.18X for the Zacks sector and 21.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.89X and as low as 4.75X, with a 5-year median of 10.38X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $17 price target reflects 10.56X forward 12-month earnings.

The table below shows summary valuation data for HBI

Valuation Multiples - HBI

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.06	26.83	32.18	21.9
	5-Year High	17.89	29.17	34.94	23.47
	5-Year Low	4.75	13.28	16.13	15.27
	5-Year Median	10.38	18.13	19.86	17.7
P/S F12M	Current	0.86	2.5	2.33	4.02
	5-Year High	2.2	2.51	2.95	4.3
	5-Year Low	0.39	1.45	1.68	3.18
	5-Year Median	1.07	2.09	2.47	3.67
EV/EBITDA F12M	Current	9.31	20.63	11.9	14.22
	5-Year High	14.51	23.71	12.59	15.51
	5-Year Low	5.68	9.88	7.98	10.72
	5-Year Median	9.94	14.53	10.88	13.22

As of 10/02/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 31% (174 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Guess, Inc. **(GES)**	Outperform	2
AbercrombieFitch Company **(ANF)**	Neutral	3
Columbia Sportswear Company **(COLM)**	Neutral	3
GIII Apparel Group, LTD. **(GIII)**	Neutral	3
lululemon athletica inc. **(LULU)**	Neutral	3
PVH Corp. **(PVH)**	Neutral	3
Ralph Lauren Corporation **(RL)**	Neutral	3
Under Armour, Inc. **(UAA)**	Underperform	4

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Textile - Apparel

	HBI	X Industry	S&P 500	COLM	GIII	UAA
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	4	-	-	3	3	4
VGM Score	A	-	-	D	A	C
Market Cap	5.62 B	812.94 M	23.15 B	5.88 B	697.58 M	5.48 B
# of Analysts	7	4	14	6	7	16
Dividend Yield	3.72%	0.00%	1.66%	0.00%	0.00%	0.00%
Value Score	A	-	-	D	A	C
Cash/Price	0.13	0.23	0.08	0.08	0.37	0.21
EV/EBITDA	8.93	5.86	13.23	10.26	3.20	12.90
PEG F1	3.83	6.55	2.82	15.24	44.56	NA
P/B	5.21	1.79	3.31	3.56	0.56	3.85
P/CF	7.46	6.48	12.85	13.50	3.53	15.91
P/E F1	11.50	44.03	21.20	44.03	45.90	NA
P/S TTM	0.84	0.68	2.51	2.14	0.27	1.22
Earnings Yield	8.85%	1.61%	4.49%	2.27%	2.15%	-6.14%
Debt/Equity	3.69	0.33	0.70	0.00	0.33	0.69
Cash Flow ($/share)	2.17	2.44	6.92	6.59	4.08	0.76
Growth Score	A	-	-	F	A	B
Historical EPS Growth (3-5 Years)	-0.24%	-3.51%	10.45%	13.85%	7.45%	-19.28%
Projected EPS Growth (F1/F0)	-18.51%	-72.69%	-2.97%	-58.18%	-90.15%	-316.73%
Current Cash Flow Growth	2.71%	2.71%	5.47%	30.70%	6.85%	12.74%
Historical Cash Flow Growth (3-5 Years)	2.82%	3.96%	8.52%	17.53%	9.97%	4.10%
Current Ratio	2.01	1.76	1.35	2.99	2.48	1.91
Debt/Capital	78.69%	37.75%	42.68%	0.00%	24.65%	40.97%
Net Margin	7.88%	-1.68%	10.32%	6.66%	2.57%	-15.21%
Return on Equity	55.54%	-0.02%	14.77%	10.53%	6.50%	-8.08%
Sales/Assets	0.86	0.91	0.51	0.99	0.98	0.93
Projected Sales Growth (F1/F0)	-9.35%	0.00%	-0.89%	-16.98%	-36.01%	-26.22%
Momentum Score	C	-	-	A	A	D
Daily Price Change	1.25%	1.12%	0.46%	0.74%	3.55%	1.69%
1-Week Price Change	-1.02%	-1.89%	-2.32%	0.95%	-6.34%	-3.13%
4-Week Price Change	4.13%	0.00%	-1.82%	-0.80%	24.46%	15.63%
12-Week Price Change	49.95%	10.69%	7.71%	17.47%	29.55%	31.37%
52-Week Price Change	10.77%	-26.93%	3.04%	-5.00%	-39.77%	-37.45%
20-Day Average Volume (Shares)	4,894,301	75,887	2,142,397	331,236	1,188,179	8,003,378
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	3.36%	537.50%	0.25%
EPS F1 Estimate 12-Week Change	137.73%	-3.08%	3.87%	-0.25%	380.58%	-58.90%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	-27.24%	1.53%

Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.